

AMENDMENT # 2

OFFERED IN THE SENATE

TO: SCS CSHB 3001(NGD)

BY SENATORS FRENCH, GUESS, ELLIS,

AND ELTON

- 1 Page 3, line 5:
- 2 Delete "or gas"
- 3 Delete "and gas"
- 4
- 5 Page 3, line 6:
- 6 Delete "and gas"
- 7
- 8 Page 3, line 8:
- 9 Delete "and (k)"
- 10
- 11 Page 3, lines 9 - 10:
- 12 Delete "and gas"
- 13
- 14 Page 3, line 12:
- 15 Delete "and gas"
- 16
- 17 Page 4, line 3:
- 18 Delete "or gas"
- 19
- 20 Page 4, line 4:
- 21 Delete "and gas"
- 22
- 23 Page 4, line 5:

- 1 Delete "and gas"
- 2
- 3 Page 4, line 6:
- 4 Delete "and (k)"
- 5
- 6 Page 4, line 9:
- 7 Delete "and gas"
- 8
- 9 Page 4, line 12:
- 10 Delete "and gas"
- 11
- 12 Page 4, line 16:
- 13 Delete "and gas"
- 14
- 15 Page 4, line 18:
- 16 Delete "and gas"
- 17 Delete ", in BTU equivalent barrels"
- 18
- 19 Page 4, line 20:
- 20 Delete "or gas"
- 21 Delete "and gas"
- 22
- 23 Page 4, line 22:
- 24 Delete "and gas"
- 25
- 26 Page 4, lines 27 - 28:
- 27 Delete all material.
- 28
- 29 Renumber the following paragraph accordingly.
- 30
- 31 Page 4, line 30:

Delete "or (2)"

Page 5, line 2:

Delete "and (2)"

Page 5, line 3:

Delete "and gas"

Page 5, lines 4 - 22:

Delete all material.

Reletter the following subsections accordingly.

Page 6, line 11:

Delete "or (k)"

Page 6, line 12:

Delete "or gas"

Page 6, line 16, through page 7, line 16:

Delete all material and insert:

**** Sec. 6.** AS 43.55.013(j) is amended to read:

(j) The department may aggregate two or more leases or properties (or portions of them), for purposes of determining the economic limit factor [FACTORS] under this section and applying it [THEM] to [AS 43.55.011 OR] AS 43.55.016, when economically interdependent [OIL OR] gas production operations are not confined to a single lease or property. The department may also segregate a lease or property into two or more parts, for purposes of determining the economic limit factor [FACTORS] under this section and applying it [THEM] under [AS 43.55.011 OR] AS 43.55.016, when two or more economically independent [OIL OR] gas production operations are being conducted on it [, OR WHEN OLD CRUDE OIL IS PRODUCED FROM THE

1 SAME LEASE OR PROPERTY AS OTHER OIL]."

2
3 Renumber the following bill sections accordingly.

4
5 Page 7, line 27, following "(a)":

6 Insert "The production tax on gas shall be paid monthly. The tax on gas is due on the
7 20th day of each calendar month on gas produced from each lease or property during the
8 preceding month. If the tax on gas is not paid before the end of the month in which it becomes
9 due, the tax becomes delinquent."

10
11 Page 8, line 11:

12 Delete "and gas"

13
14 Page 8, lines 19 - 20:

15 Delete "the sum of"

16
17 Page 8, line 21:

18 Delete "(A)"

19
20 Page 8, line 24:

21 Delete "plus"

22
23 Page 8, lines 25 - 28:

24 Delete all material.

25
26 Page 9, line 3:

27 Delete "and [OR]"

28 Insert "or"

29
30 Page 9, line 6:

31 Delete "and"

- 1 Insert "or"
- 2
- 3 Page 9, line 7, following "AS 43.55.011":
- 4 Insert "or 43.55.016"
- 5
- 6 Page 9, line 8:
- 7 Delete "and [OR]"
- 8 Insert "or"
- 9
- 10 Page 9, line 10, following "tax":
- 11 Insert "on oil and monthly payments of tax on gas"
- 12
- 13 Page 9, line 14:
- 14 Delete "and gas"
- 15
- 16 Page 9, line 15:
- 17 Delete "and gas"
- 18
- 19 Page 9, line 17:
- 20 Delete "and gas"
- 21
- 22 Page 9, line 22:
- 23 Delete "and gas"
- 24
- 25 Page 9, line 25, through page 10, line 1:
- 26 Delete all material.
- 27
- 28 Renumber the following bill sections accordingly.
- 29
- 30 Page 11, line 14:
- 31 Delete "and gas"

1
2 Page 13, line 10:
3 Delete "and gas"
4
5 Page 13, line 17:
6 Delete "and gas"
7
8 Page 13, line 18:
9 Delete "BTU equivalent"
10
11 Page 15, line 10:
12 Delete "or gas"
13
14 Page 16, line 17:
15 Delete "and gas"
16
17 Page 16, line 26:
18 Delete "or gas"
19
20 Page 16, line 29:
21 Delete "or gas"
22
23 Page 17, line 5:
24 Delete "and gas"
25
26 Page 17, line 6:
27 Delete "BTU equivalent"
28
29 Page 17, line 8:
30 Delete "and gas"
31

- 1 Page 17, line 9:
 - 2 Delete "BTU equivalent"
 - 3
- 4 Page 17, line 11:
 - 5 Delete "BTU equivalent"
 - 6
- 7 Page 17, line 15:
 - 8 Delete "and gas"
 - 9
- 10 Page 17, line 16:
 - 11 Delete "in BTU equivalent barrels"
 - 12
- 13 Page 17, line 20:
 - 14 Delete "or gas"
 - 15
- 16 Page 17, line 22:
 - 17 Delete "or gas"
 - 18
- 19 Page 18, line 2:
 - 20 Delete "and gas"
 - 21
- 22 Page 18, line 24, following "AS 43.55.011(e) or (f)":
 - 23 Insert "or 43.55.016"
 - 24
- 25 Page 20, line 30, following "AS 43.55.011(e) or (f)":
 - 26 Insert "or 43.55.016"
 - 27
- 28 Page 21, line 9, following "AS 43.55.011(e) or (f)":
 - 29 Insert "or 43.55.016"
 - 30
- 31 Page 21, line 18, following "AS 43.55.011(e) or (f)":

- 1 Insert "or 43.55.016, as applicable,"
- 2
- 3 Page 21, line 21, following "AS 43.55.011(e) or (f)":
- 4 Insert "or 43.55.016, as applicable,"
- 5
- 6 Page 21, line 23, following "AS 43.55.011(e) or (f)":
- 7 Insert "or 43.55.016, as applicable,"
- 8
- 9 Page 22, line 2:
- 10 Delete "and [OR] gas were [WAS]"
- 11 Insert "or gas was"
- 12
- 13 Page 22, line 7:
- 14 Delete "and gas"
- 15 Insert "or gas, as applicable,"
- 16
- 17 Page 22, line 9:
- 18 Delete "and of the [OR] gas"
- 19 Insert ", or the total value of the gas, as applicable,"
- 20
- 21 Page 22, line 12:
- 22 Delete "and for the [OR]"
- 23 Insert "or"
- 24
- 25 Page 24, line 15:
- 26 Delete "and gas"
- 27
- 28 Page 24, line 18:
- 29 Delete "and gas"
- 30
- 31 Page 24, line 20:

1 Delete "and gas"

2

3 Page 24, line 23:

4 Delete "and gas"

5

6 Page 24, line 25:

7 Delete "and gas"

8

9 Page 24, line 28:

10 Delete "and gas"

11

12 Page 24, lines 30 - 31:

13 Delete "and gas"

14

15 Page 25, lines 8 - 13:

16 Delete all material.

17

18 Page 25, line 15:

19 Delete "and gas"

20

21 Page 25, line 17:

22 Delete "and gas"

23

24 Page 25, line 20:

25 Delete "and gas"

26

27 Page 25, line 22:

28 Delete "and gas"

29

30 Page 25, line 25:

31 Delete "and gas"

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2 Page 25, lines 27 - 28:

3 Delete "and gas"

4

5 Page 26, line 4:

6 Delete ";

7 Insert "."

8

9 Page 26, lines 5 - 10:

10 Delete all material.

11

12 Page 26, line 15:

13 Delete "and gas"

14

15 Page 26, line 19:

16 Delete "or gas"

17

18 Page 27, line 2:

19 Delete "or gas"

20

21 Page 27, line 8:

22 Delete "and gas"

23

24 Page 27, line 10:

25 Delete "or gas"

26

27 Page 27, line 12:

28 Delete "or gas"

29

30 Page 28, line 4:

31 Delete "or gas"

- 1
- 2 Page 28, line 7:
- 3 Delete "or gas"
- 4
- 5 Page 28, line 9:
- 6 Delete "or gas"
- 7
- 8 Page 28, line 16:
- 9 Delete "and gas"
- 10
- 11 Page 29, line 4:
- 12 Delete "or gas"
- 13
- 14 Page 29, line 13:
- 15 Delete "and gas"
- 16
- 17 Page 29, line 28:
- 18 Delete "or gas"
- 19
- 20 Page 30, line 1:
- 21 Delete "or gas"
- 22
- 23 Page 30, line 30:
- 24 Delete "or gas"
- 25
- 26 Page 30, line 31, through page 31, line 1:
- 27 Delete "and gas production, in barrels of oil equivalent,"
- 28 Insert "production"
- 29
- 30 Page 31, line 3:
- 31 Delete "and gas production, in barrels of oil equivalent,"

1 Insert "production"

2

3 Page 31, lines 10 - 12:

4 Delete all material.

5

6 Page 31, line 23:

7 Delete ", in BTU equivalent barrels,"

8

9 Page 31, line 27:

10 Delete "or gas"

11

12 Page 32, line 3:

13 Delete "or gas"

14

15 Page 32, line 4:

16 Delete "or gas"

17

18 Page 32, line 5:

19 Delete "or gas"

20

21 Page 32, lines 7 - 11:

22 Delete all material and insert:

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"(h) If a cost that would otherwise constitute a lease expenditure under this section is incurred to explore for, develop, or produce both oil and gas, the department shall allocate the cost between oil and gas to determine the amount applicable to oil and deductible under this section by (1) a ratio of the volume of oil production to the volume of gas production in barrels of oil equivalent for the applicable lease or property, (2) the predominant purpose of the expenditure between oil and gas, or (3) other reasonable allocation methods to determine the portion of the cost that is appropriately treated as a lease expenditure for oil under this section. In this subsection, "barrels of oil equivalent" means 6,000 cubic feet of gas."

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Page 32, line 23:

Delete "or gas"

Page 33, line 7:

Delete "or gas"

Page 33, line 22:

Delete "or gas"

Page 33, line 26:

Delete "or gas"

Page 34, line 6:

Delete "or gas"

Page 36, lines 15 - 16:

Delete all material and insert:

"(B) for gas

(i) recovered from or in association with oil, the value of the gas at the point where it is accurately metered or measured after separation from the oil; for gas run through a gas processing plant, the gross value at the point of production is the full consideration received by the producer for the gas if sold in an arm's length transaction or, in the absence of an arm's length transaction, is the sum of the value of the liquids extracted from the gas at the plant and the value of the residue gas, less a reasonable allowance for processing the gas at the plant and for transporting the gas to the plant from the premises on which the oil production operation is conducted; and

(ii) not recovered from or in association with oil, the value of the gas at the point where it is accurately metered or measured

1 or the value of the gas at the point of sale, if any, on the premises of the
2 lease or property from which the gas is recovered, whichever is the
3 higher value; for gas run through a gas processing plant, the gross value
4 at the point of production is the full consideration received by the
5 producer for the gas if sold in an arm's length transaction or, in the
6 absence of an arm's length transaction, is the sum of the value of the
7 liquids extracted from the gas at the plant and the value of the residue
8 gas, less a reasonable allowance for processing the gas at the plant and
9 for transporting the gas to the plant from the point where it was
10 accurately metered or measured;"

11
12 Page 36, lines 23 - 29:

13 Delete all material.

14
15 Renumber the following paragraphs accordingly.

16
17 Page 37, lines 28 - 29:

18 Delete all material.

19
20 Renumber the following paragraphs accordingly.

21
22 Page 38, line 9:

23 Delete "(A) for oil,"

24
25 Page 38, line 16:

26 Delete ";

27 Insert ".

28
29 Page 38, lines 17 - 30:

30 Delete all material.

- 1 Page 38, line 31:
2 Delete "43.55.013, 43.55.016"
3 Insert "43.55.013(b), 43.55.013(d)"
4
5 Page 39, line 5:
6 Delete "5, 7 - 10, 12 - 14, 16 - 20, 24, and 26 - 34"
7 Insert "5, 8 - 10, 12 - 14, 16 - 20, 24, and 26 - 34"
8
9 Page 39, line 13:
10 Delete "and gas"
11
12 Page 39, line 20:
13 Delete "and gas"
14
15 Page 39, line 24:
16 Delete "and gas"
17
18 Page 39, line 30:
19 Delete "and gas"
20
21 Page 40, line 30:
22 Delete "and gas"
23
24 Page 40, line 31:
25 Delete "AS 43.55.160(a)(2)(A) - (D)"
26 Insert "AS 43.55.160(a)(2)(A) - (C)"
27
28 Page 41, lines 6 - 7:
29 Delete "5, 7 - 10, 12 - 14, 16 - 20, 24 - 34, and 36"
30 Insert "5, 8 - 10, 12 - 14, 16 - 20, 24 - 34, and 36"
31

1 Page 41, lines 10 - 22:

2 Delete all material.

3

4 Renumber the following bill sections accordingly.

5

6 Page 41, lines 25 - 26:

7 Delete "5, 7 - 10, 12 - 14, 16 - 20, and 24 - 36"

8 Insert "5, 8 - 10, 12 - 14, 16 - 20, and 24 - 36"